



## **PUBLIC DISCLOSURE**

July 07, 2014

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank in Amboy  
Charter Number: 14244

220 East Main  
Amboy, IL 61310

Office of the Comptroller of the Currency

211 Fulton Street  
Suite 604  
Peoria, IL 61602

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: The First National Bank in Amboy (FNBA) is rated Satisfactory.**

The Lending Test is rated **Satisfactory**. The major factors that support this rating include:

- The distribution of loans to borrowers of different income levels and farms and businesses of different sizes is reasonable.
- A substantial majority of the loans originated by FNBA are to borrowers inside its assessment area.
- FNBA's quarterly average loan-to-deposit ratio of 52 percent over the evaluation period is reasonable.

**SCOPE OF EXAMINATION**

We evaluated FNBA under the Small Bank evaluation procedures, which include a lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities.

The evaluation period is from the previous CRA evaluation, February 3, 2009, through July 7, 2014. We evaluated loans originated from January 1, 2012 through December 31, 2013 under the lending test. FNBA's primary loan products are commercial, agriculture, and residential home loans. The bank is not located in a Metropolitan Statistical Area and is not subject to the requirements of the Home Mortgage Disclosure Act. The bank is not required to maintain income data on residential, agriculture, and commercial loans outside of the individual loan files. Consequently, we sampled loans originated and purchased during the lending test evaluation period and compared them to 2010 census information.

FNBA has one AA. We conducted a full-scope review of the bank's AA.

**DESCRIPTION OF INSTITUTION**

FNBA is a \$178 million intrastate financial institution headquartered in Amboy, Illinois. Amboy is located in northwestern Illinois, approximately fifteen miles southeast of Dixon. The main office is located at 220 East Main Street in Amboy. There is one additional drive-up facility at 201 East Joe Drive in Amboy as well as two branch offices located in Dixon, Illinois. The locations are all equipped with drive-up facilities. FNBA has nine automated teller machines (ATM), four of which accept deposits. FNBA did not open or close any facilities since the previous CRA evaluation.

FNBA is a wholly owned subsidiary of Amboy Bancorp, Inc., a one-bank holding company headquartered in Amboy, Illinois. The holding company does not own any

other subsidiaries, and it does not negatively impact the bank’s ability to meet the credit needs of the community.

FNBA’s strategy is to provide financial products and services to meet the needs of the customers in the communities they serve, with an emphasis on the Lee County area. The bank offers a full range of deposit and loan products and services. There are no financial, legal, or other factors impeding FNBA’s ability to help meet the credit needs of the bank’s AA. The bank’s previous CRA rating was “Satisfactory Record of Meeting Community Credit Needs” as detailed in the Performance Evaluation dated February 2, 2009.

FNBA’s three primary lending products are residential real estate loans, agriculture loans, and commercial loans. These three lending categories account for ninety-five percent of loans originated and purchased from January 1, 2012 to December 31, 2013. We used these three lending products for the analysis of this evaluation. Consumer lending and other lending are not a primary loan product, accounting for the remaining five percent of the loans originated and purchased during this period.

<b>Table 1 - Loan Originations by Loan Type from January 1, 2012 through December 31, 2013</b>				
<b>Loan Category</b>	<b>Dollars (000s)</b>	<b>% of Dollars</b>	<b>Number of Loans</b>	<b>% of Number of Loans</b>
Residential Loans	\$ 30,525	33.09%	352	31.26%
Agriculture Loans	\$ 28,798	31.22%	175	15.54%
Commercial Loans	\$ 28,205	30.57%	204	18.12%
Consumer Loans	\$ 3,969	4.30%	391	34.73%
Other Loans	\$ 758	0.82%	4	0.35%
<b>Total Originations</b>	<b>\$ 92,255</b>	<b>100%</b>	<b>1,126</b>	<b>100%</b>

Source: Bank records from January 1, 2012 to December 31, 2013

As of March 31, 2014, FNBA reported total loans of \$70 million and had a net loans and leases to total assets ratio of thirty-nine percent. The loan portfolio composition is as follows:

<b>Table 2 - Loan Portfolio Summary by Loan Product March 31, 2014</b>		
<b>Loan Category</b>	<b>Dollars Outstanding (000s)</b>	<b>% of Outstanding Dollars</b>
Residential Loans	\$ 15,045	21%
Agriculture Loans	\$ 20,417	29%
Commercial Loans	\$ 31,358	45%
Consumer Loans	\$ 2,796	4%
Other Loans	\$ 631	1%
<b>Total Loans</b>	<b>\$ 70,247</b>	<b>100%</b>

Source: Call Report dated March 31, 2014

## **DESCRIPTION OF ASSESSMENT AREA**

FNBA has one AA in northwestern Illinois, which includes all of Lee County and portions of Ogle and Whiteside Counties. The AA includes thirteen census tracts (CT): nine

CTs in Lee County, two CTs in Ogle County, and two CTs in Whiteside County. Using 2010 U.S. Census Data, there were no CTs designated as low- or moderate-income. All CTs were designated as middle- or upper-income areas. FNBA’s AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

The following is demographic information for the AA:

<b>Table 3 – Demographic Information for FNB Amboy AA</b>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	13	0.00	0.00	46.15	53.85
Population by Geography	53,157	0.00	0.00	51.50	48.50
Owner-Occupied Housing by Geography	15,984	0.00	0.00	48.55	51.45
Business by Geography	3,577	0.00	0.00	47.50	52.50
Farms by Geography	706	0.00	0.00	33.85	66.15
Family Distribution by Income Level	14,340	14.01	15.99	22.09	47.91
Distribution of Low and Moderate Income Families throughout AA Geographies	14,340	0.00	0.00	50.26	49.74
Median Family Income		62,653	Median Housing Value		127,618
HUD Adjusted Median Family Income for 2012		56,200	Unemployed Labor (2010 US Census)		4.83%
Households Below Poverty Level		9%			

Source: 2010 U.S. Census data

Competition for financial services within the AA is primarily from several state-chartered banks and a few savings associations that serve the same communities and have a similar business focus. Competition at the bank’s Dixon branches is greater than the Amboy branches, as this is a larger community with more financial institutions. According to the FDIC’s June 30, 2013 Market Share Report, FNBA ranks second of fourteen financial institutions in Lee County with \$150 million in deposits (20 percent market share).

The local economic condition is relatively stable. The Lee, Ogle, and Whiteside County unemployment rates for May 2014 compare unfavorably to both the national average and State of Illinois unemployment rates. The May 2014 unemployment rates for each area are: Whiteside County 7.3 percent, Lee County 7.6 percent, Ogle County 8.3 percent, State of Illinois 7.2 percent, and 6.1 percent national average rate.

The economy of the AA is concentrated in agriculture, government, healthcare, retail, manufacturing, and education sectors. Major employers include: local school districts,

city and county government, KSB Hospital, and Raynor.

We made one community contact from the bank’s AA during the evaluation. The contact indicated the primary credit need in the AA is small business loans. The contact also stated there are no credit needs or banking services not met or provided for by the local financial institutions. Overall, the contact felt FNBA and the other local financial institutions are meeting the credit needs of the area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

FNBA meets the standards for satisfactory performance.

### Loan-to-Deposit Ratio

FNBA’s quarterly average loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and AA credit needs. FNBA’s quarterly average loan-to-deposit ratio for the period March 31, 2009 to March 31, 2014 is 52 percent. FNBA had a quarterly low of 41 percent and a quarterly high of 61 percent.

FNBA’s quarterly loan-to-deposit ratio compares favorably with other community banks of similar size, location, and product offerings. FNBA ranks fourth among six similarly situated banks serving its AA. The quarterly average loan-to-deposit ratio for the other five banks over the same period ranged from 47 percent to 89 percent. The similarly situated banks used for comparison are community banks located in Lee County and range in asset size from \$32 million to \$451 million.

### Lending in Assessment Area

A substantial majority of the loans originated by FNBA are to borrowers inside its AA. FNBA’s lending to customers within the AA for all primary loan types is more than reasonable. The following table details the bank’s lending within the AA by number of loan originations and dollar volume from our sample during the evaluation period:

Table 4 - Lending in the Assessment Area										
Loan Product	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential	25	96%	1	4%	26	\$1,703	96%	\$68	4%	\$1,771
Agriculture	31	89%	4	11%	35	\$6,624	98%	\$107	2%	\$6,731
Commercial	24	92%	2	8%	26	\$991	80%	\$252	20%	\$1,243
<b>Total</b>	<b>80</b>	<b>92%</b>	<b>7</b>	<b>8%</b>	<b>87</b>	<b>\$9,318</b>	<b>96%</b>	<b>\$427</b>	<b>4%</b>	<b>\$9,745</b>

Source: Sample of 26 residential real estate loans, 26 commercial loans, and 35 agriculture loans originated from 1/1/12 to 12/31/13.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

FNBA’s lending reflects reasonable penetration among individuals of different income levels and farms and businesses of different sizes, given the demographics of the AA.

*Residential Loans*

The distribution of residential loans to borrowers of different income levels reflects reasonable penetration. FNBA’s lending to low- and moderate-income families within the AA is below the demographic comparator; however, this is mitigated by the AA’s nine percent poverty level.

Table 5 - Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE	14.01	12.00	15.99	12.00	22.09	40.00	47.91	36.00

Source: Residential real estate loan data sampled; 2010 Census data

*Agriculture Loans*

The distribution of loans to farms reflects reasonable penetration among farms of different sizes. Loans to small farms are those with gross annual revenues of \$1 million or less. FNBA originated 84 percent of agriculture loans to small farms. This is considered reasonable compared to demographic data that shows 99 percent of farms in the AA are considered small farms. The following table shows the distribution of agriculture loans among different sized farms within the AA:

Table 6 - Borrower Distribution of Loans to Farms of Different Sizes				
Farm Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farm	99%	1%	0%	100%
% of Bank Loans in AA by #	84%	16%	0%	100%
% of Bank Loans in AA by \$	49%	51%	0%	100%

Source: Agriculture loan data sampled; 2013 Business Geodemographic data

*Commercial Loans*

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Small businesses are businesses with gross annual revenues of \$1 million or less. FNBA originated 79 percent of commercial loans to small businesses. This is considered reasonable compared to demographic data that

shows 73 percent of businesses in the AA are considered small businesses. The following table shows the distribution of commercial loans among different sized businesses within the AA.

<b>Table 7 - Borrower Distribution of Loans to Businesses of Different Sizes</b>				
Business Revenues	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	73%	4%	23%	100%
% of Bank Loans in AA by #	79%	21%	0%	100%
% of Bank Loans in AA by \$	56%	44%	0%	100%

Source: Commercial loan data sampled; 2013 Business Geodemographic data

### **Geographic Distribution of Loans**

We did not perform a geographic analysis of the distribution of loans for this evaluation. Since all of the geographies in the AA are middle- or upper-income, the analysis is not meaningful.

### **Responses to Complaints**

FNBA did not receive any complaints regarding its performance in helping to meet the credit needs within its AA during this evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.